

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Verified Application)	
and Petition of Laclede Gas Company)	Case No. GO-2008-0155
to Change its Infrastructure System)	
Replacement Surcharge)	

STAFF RECOMMENDATION CONCERNING TARIFF

COMES NOW the Staff and for its recommendation concerning Laclede Gas Company's (Laclede or Company) November 9, 2007 ISRS tariff filing states:

1. On November 9, Laclede filed a tariff sheet with the Missouri Public Service Commission (Commission) with a proposed effective date of December 10, 2007.

2. This tariff sheet (File No. YG-2008-0313) proposes to re-establish Infrastructure System Replacement Surcharge (ISRS) rates. The prior ISRS was reset at zero in the compliance filing for Rate Case GR-2007-0208, which the Commission allowed to become effective July 29, 2007.

3. On November 13, the Commission issued its Order Directing Notice and Setting Intervention Date and suspended the effective date of Laclede's ISRS tariff sheet to March 8, 2008.

4. Staff has reviewed the tariff filing and recommends approval of the tariff sheets as filed.

5. Staff also suggests that the Commission permit Laclede to implement the tariff changes as of the effective date of the Commission's order.

WHEREFORE, for the foregoing reasons, the Staff recommends that the Commission issue its Order which:

1. Implements the tariff sheet filed by Laclede on November 9, 2007, (assigned tariff number YG-2008-0313);
2. Authorizes Laclede to collect an Infrastructure System Replacement Surcharge that is sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,646,284.
3. Permits Laclede to implement this rate the same date the Commission's order is effective.

Respectfully submitted,

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 4th day of January, 2008.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GO-2008-0155, File No. YG-2008-0313, Laclede Gas Company

FROM: Michael J. Ensrud, Energy – Tariffs / Rate Design
Roberta Grissum - Auditing

/s/Thomas M. Imhoff /s/Lera L. Shemwell
Energy Department/01/04/2008 General Counsel's Office/01/04/2008

SUBJECT: Staff Recommendation on the Tariff Sheet filed to implement the Tenth
adjustment to Laclede ISRS Rate - YG-2008-0313

DATE: January 4, 2008

BACKGROUND

On November 9, 2007, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri, filed a tariff sheet with the Missouri Public Service Commission (Commission) with a proposed effective date of December 10, 2007. This tariff sheet (File No. YG-2008-0313) proposes to re-establish Infrastructure System Replacement Surcharge (ISRS) rates. The prior ISRS was reset at zero in the compliance filing for Rate Case GR-2007-0208, which the Commission allowed to become effective July 29, 2007.

In its **VERIFIED APPLICATION AND PETITION OF LACLEDE GAS COMPANY FOR ESTABLISHMENT OF AN INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE**, Laclede states:

7. With this application, Laclede requests an adjustment to its rates and charges through the implementation of an ISRS rate schedule that provides for the recovery of costs incurred in connection with ISRS-eligible infrastructure system replacements made during the period beginning April 1, 2007 through September 30, 2007.

On November 13, the Commission issued its **ORDER DIRECTING NOTICE AND SETTING INTERVENTION DATE**. The Commission suspended the effective date of Laclede's ISRS tariff sheet. The Commission stated:

Section 393.1015.2(3), RSMo Supp. 2006, requires the Commission to act on Laclede's application no later than 120 days after it was filed. Consequently, the Commission must issue a decision regarding Laclede's petition effective no later than March 8, 2008.

In this case, the Commission did not issue a specific filing date for the Staff's to file its recommendation. Therefore, Staff relied upon the requirements set forth in the ISRS Rule: 4 CSR 240-3.265 Natural Gas Utility Petitions for Infrastructure System Replacement Surcharges which states:

*(11) The staff of the commission may examine the information of the natural gas utility provided pursuant to this rule and sections 393.1009 to 393.1015, RSMo, to confirm the underlying costs and proper calculation of the proposed ISRS, and **may submit a report regarding its examination to the commission not later than sixty (60) days after the natural gas utility files its petition.** The staff shall not examine any other revenue requirement or ratemaking issues in its consideration of the petition or associated proposed rate schedules.*

Based on this provision Staff is filing its Memo today.

STAFF'S ANALYSIS

Staff recommends that the ISRS rates to be charged to Laclede's customers should collect \$1,638,860 in revenues annually. Laclede requested ISRS rates that produce \$1,646,284 of revenues annually. This reflects a difference of \$7,424.

The \$7,424 represents a difference between Laclede and Staff regarding the amount of over or under-collection of ISRS revenues. Due to the small difference between the ISRS amounts, the fact that the exact amount actually collected in rates cannot be predicted with certainty, and the fact that these rates will be trued up in the future, the Staff recommends the Commission approve the tariff rates filed by Laclede in this case on November 9, 2007.

In paragraph 22 of the July 9, 2007 Unanimous Stipulation and Agreement in Laclede's recent rate case, Case No. GR-2007-0208, Staff agreed to work with Laclede to implement new ISRS rates promptly. The effective date in Laclede's filing is March 8, 2008, however, if Laclede requests earlier implementation, Staff recommends that this ISRS rate may become effective upon Commission approval of the tariff filing and of Laclede's requested implementation date.

Laclede's proposed ISRS rates are based on the twelve-month average of customer counts for the period October 2006 through September 2007.

The revised ISRS tariff sheet should be designated as:

P.S.C. MO. No. 5

Tenth Revised Sheet No. 12, CANCELLING Ninth Sheet No. 12

The Staff has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

RECOMMENDATION

Based upon the Staff's conclusions, the Staff recommends that the Commission issue an order in this case that:

1. Implements the tariff sheet filed by Laclede on November 9, 2007, (assigned tariff number YG-2008-0313);

2. Authorizes Laclede to collect an Infrastructure System Replacement Surcharge that is sufficient to recover appropriate annual pre-tax revenues in the amount of \$1,646,284.
3. Permits Laclede to implement this rate the same date the Commission's order is effective.


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In the matter of the verified application)	
and petition of Laclede Gas Company)	Case No. GO-2008-0155
for establishment of an infrastructure)	File No. YG-2008-0313
system replacement surcharge)	

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michael J. Ensrud, of lawful age, on oath states: that he has participated in the preparation of the foregoing written memorandum, to be presented in the above case; that the information in the attached written report were given by Laclede Gas Company; that he has knowledge of the matters set forth in such memorandum; and that such matters are true to the best of his knowledge and belief.


Michael J. Ensrud

Subscribed and sworn to before me this 14th day of January, 2008.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public